

City Budget 101

Basics about the City's budget
and the outlook for 2008



City budget essentials

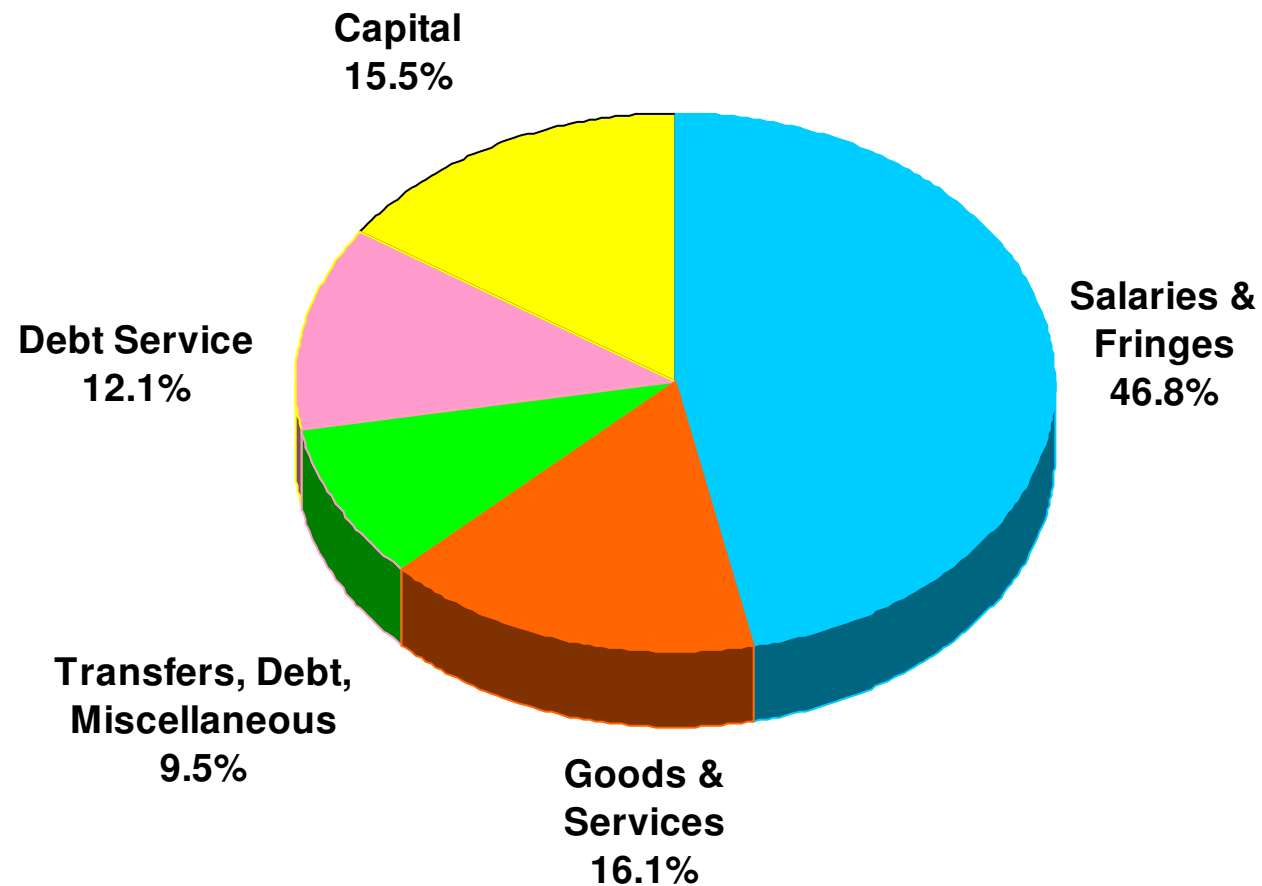
- How and where the money gets spent
- Where the money comes from
- Recent important trends
- What the future looks like
- When and how budget decisions are made



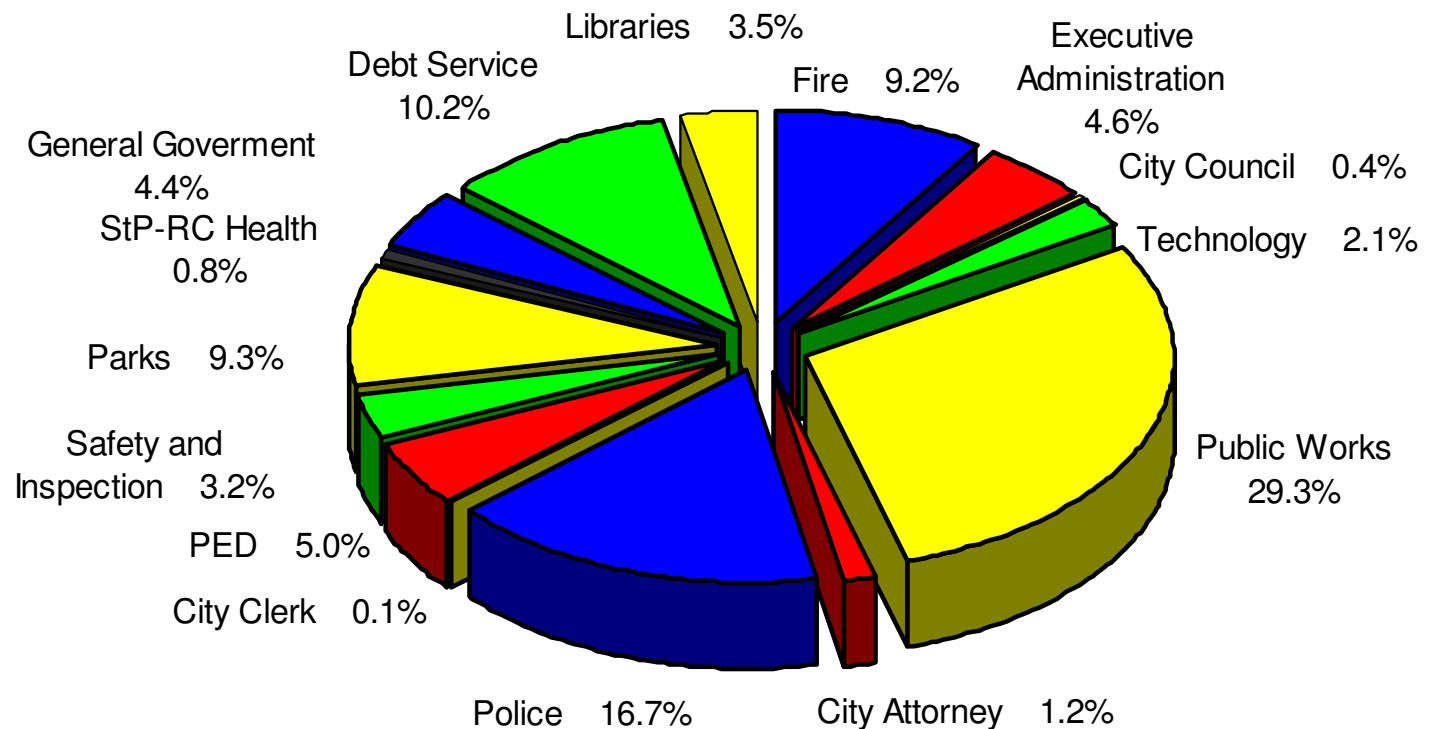
Where the money gets spent:

Total City Spending (net of transfers), 2007

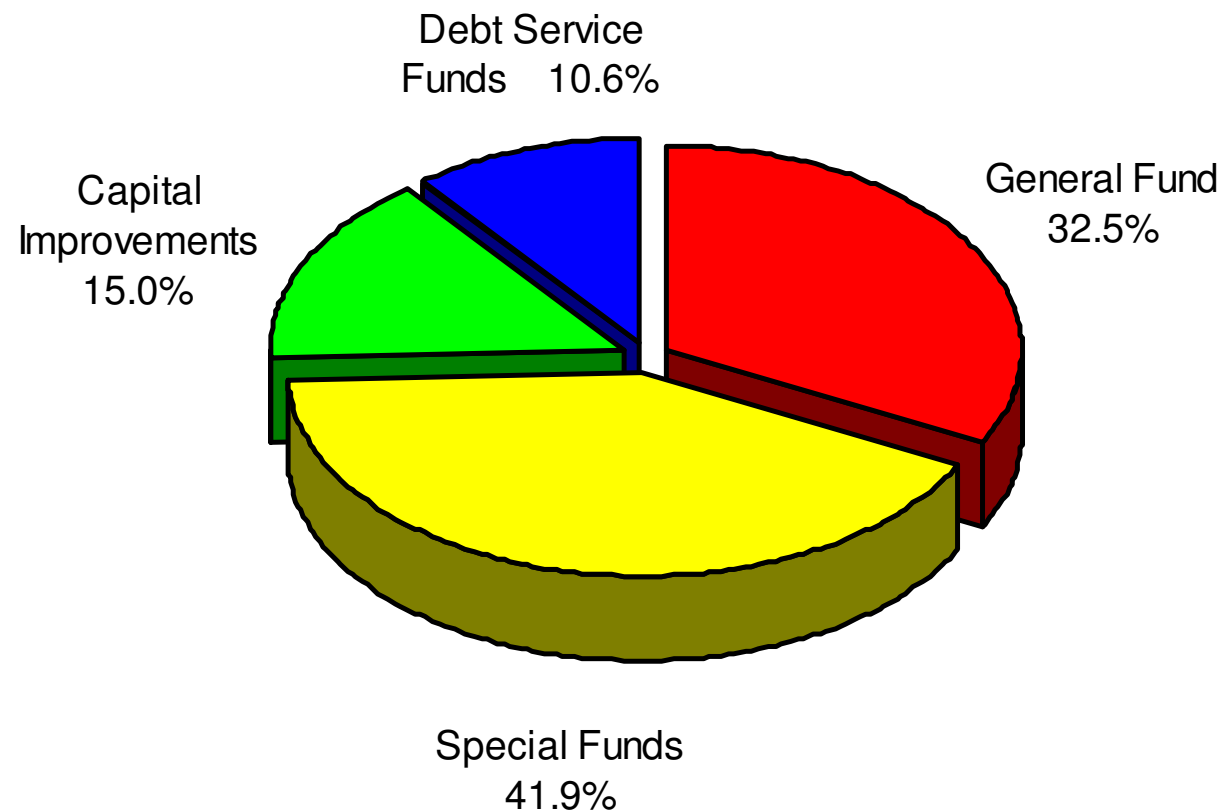
\$488.42 million



2007 Total Spending by Department



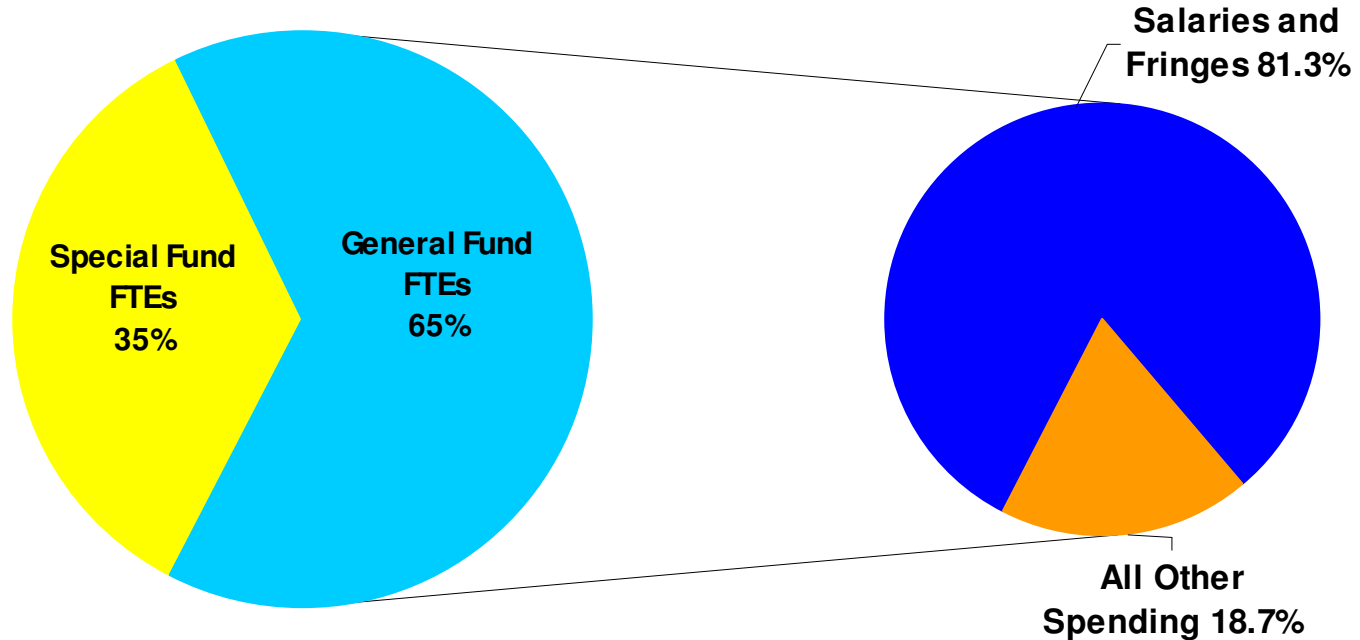
General Fund accounts for nearly 1/3 of all spending



Most employee costs are in the General Fund

City FTEs and General Fund Spending, 2007

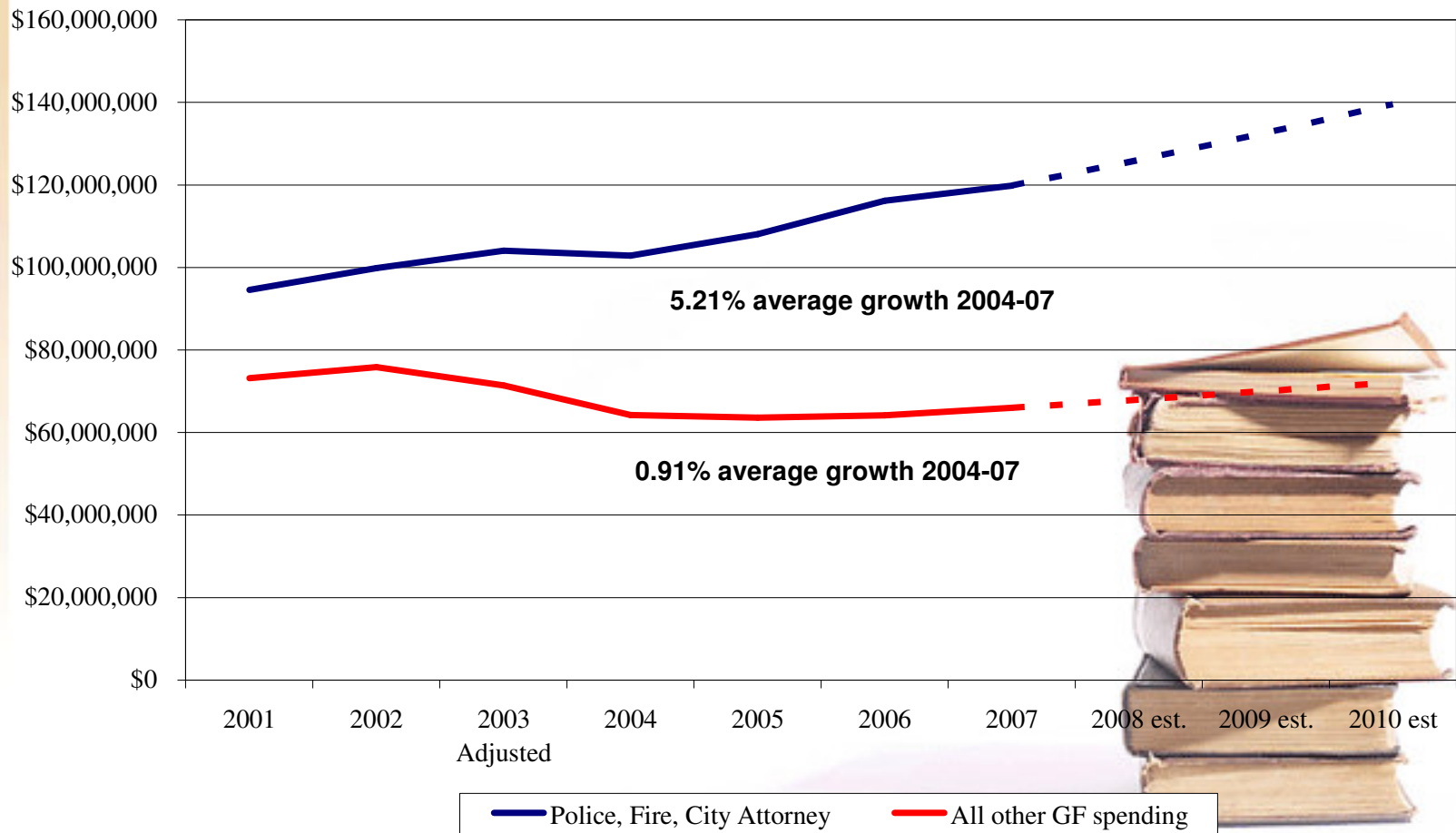
Including Library Agency



Where General Fund money gets spent: By department

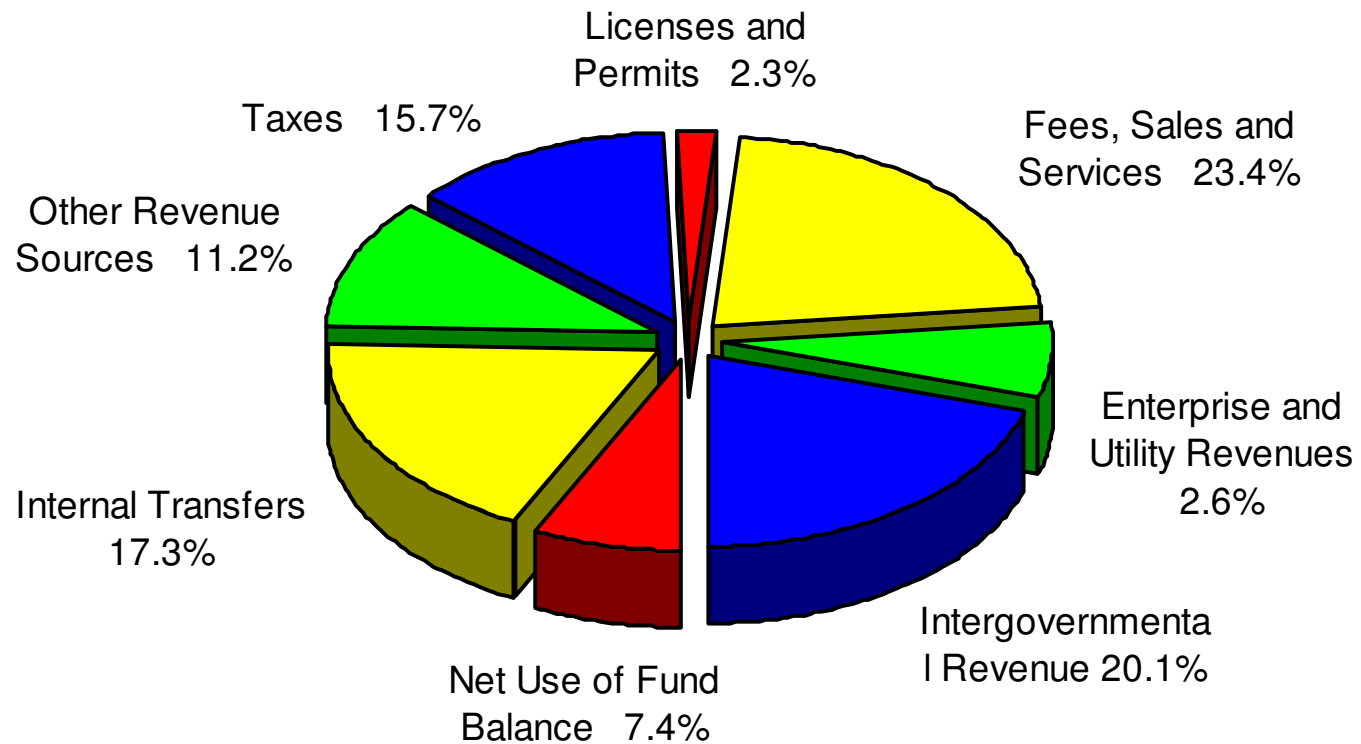
	General Fund Total Spending	General Fund Salary & Fringes	Salary/Fringe % of Total
Attorney	\$5,772,924	\$5,358,155	92.82%
City Clerk	\$302,402	\$147,605	48.81%
Council	\$2,316,057	\$2,128,690	91.91%
Debt Service	\$0	\$0	0.00%
Financial Services	\$1,932,082	\$1,442,627	74.67%
Fire and Safety Services	\$44,805,399	\$40,713,324	90.87%
General Govt. Accounts	\$4,837,134	\$309,614	6.40%
StP-RC Health	\$0	\$0	0.00%
Human Resources	\$3,070,622	\$2,518,534	82.02%
Human Rights	\$532,865	\$497,210	93.31%
Libraries	\$13,924,387	\$10,062,102	72.26%
Mayor's Office	\$1,456,446	\$1,292,091	88.72%
Parks and Recreation	\$24,236,154	\$17,278,971	71.29%
Planning & Econ. Development	\$0	\$0	0.00%
Police	\$68,019,378	\$58,398,360	85.86%
Public Works	\$1,628,464	\$1,116,593	68.57%
Safety and Inspection	\$5,061,804	\$3,832,456	75.71%
Technology	\$7,936,438	\$5,918,090	74.57%
	\$185,832,556	\$151,014,422	81.26%

Recent net spending growth has been in Police, Fire, and CAO

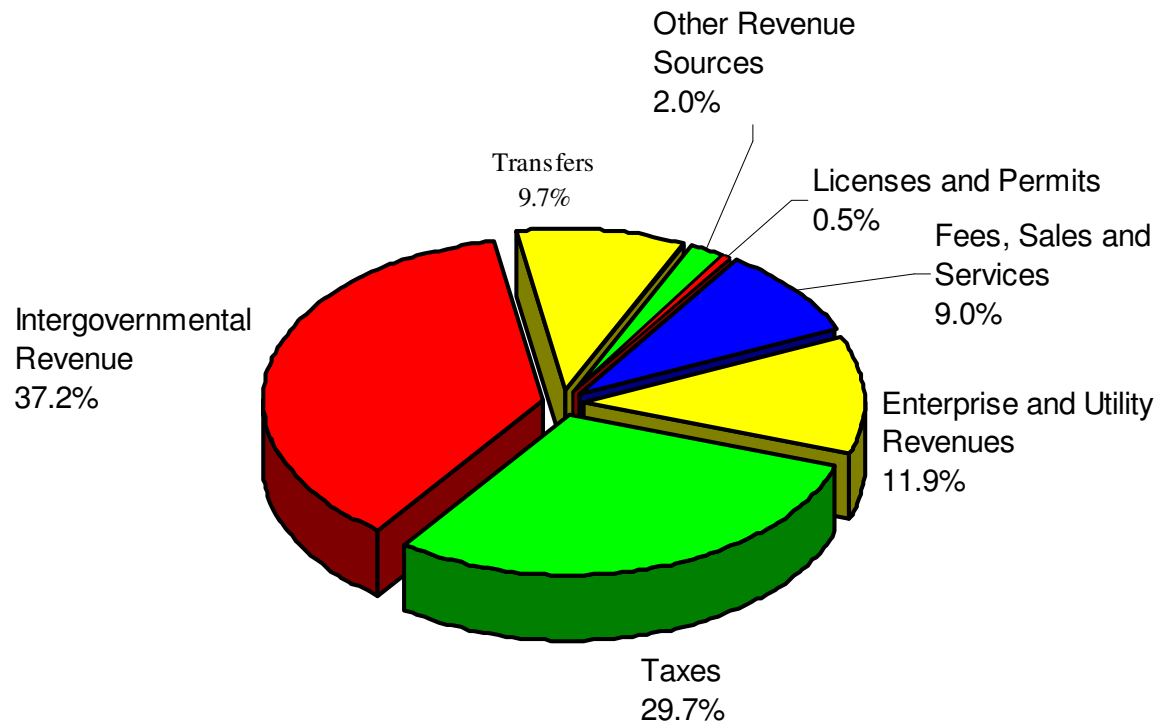


2007 Total Revenue by Source

Includes Library Agency

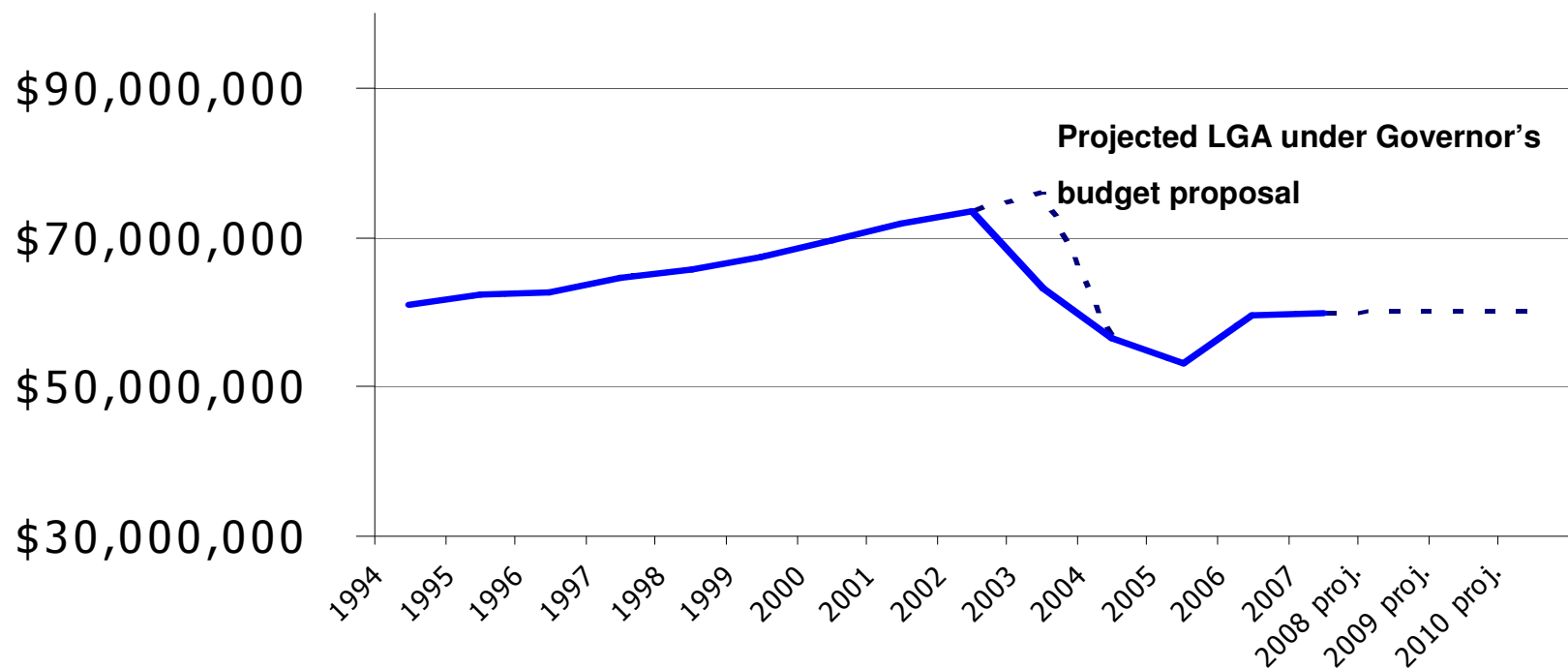


Where our General Fund money comes from (and why we worry)

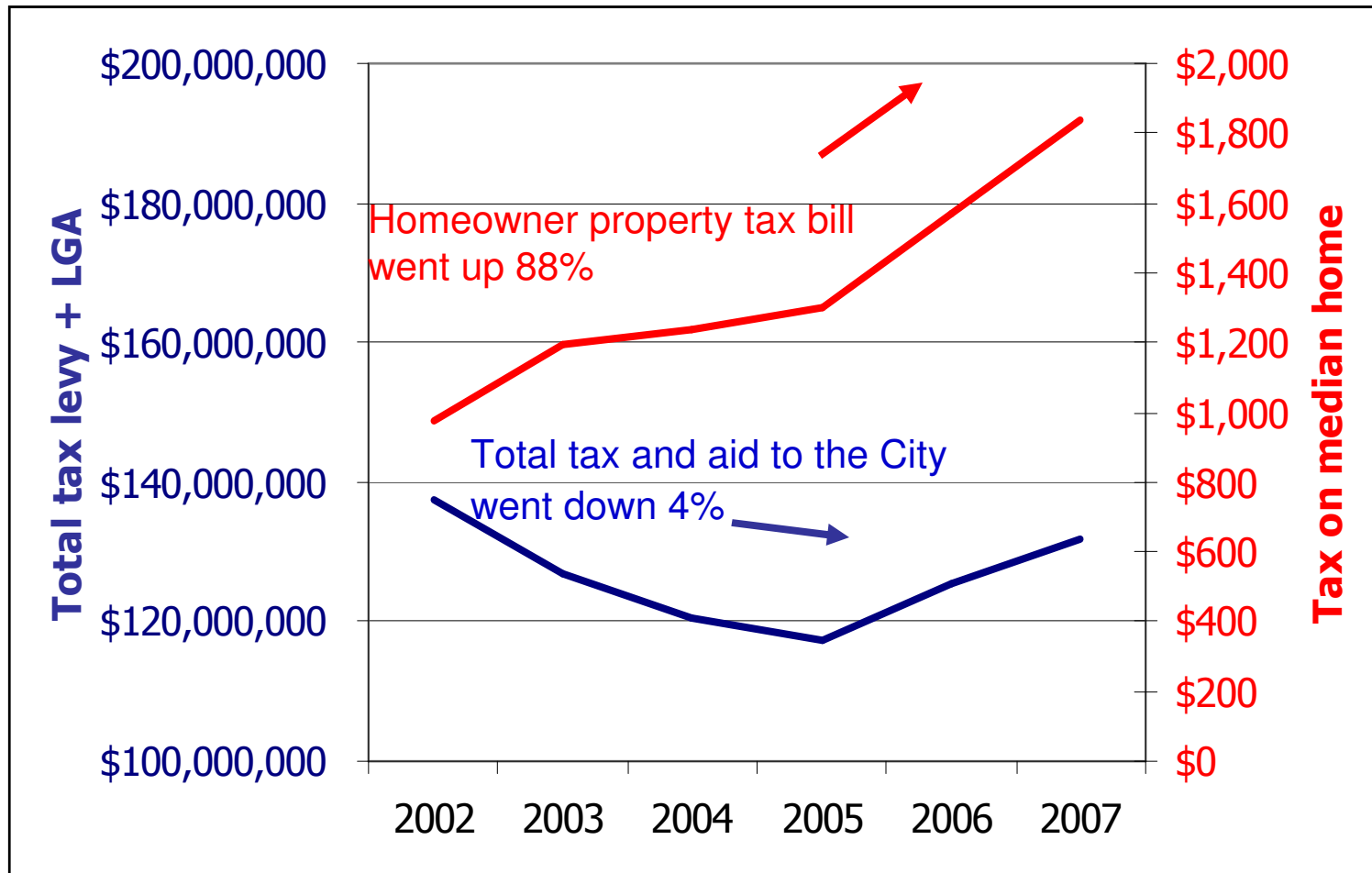


Local Government Aid from the State was cut in 2003 and has not been restored

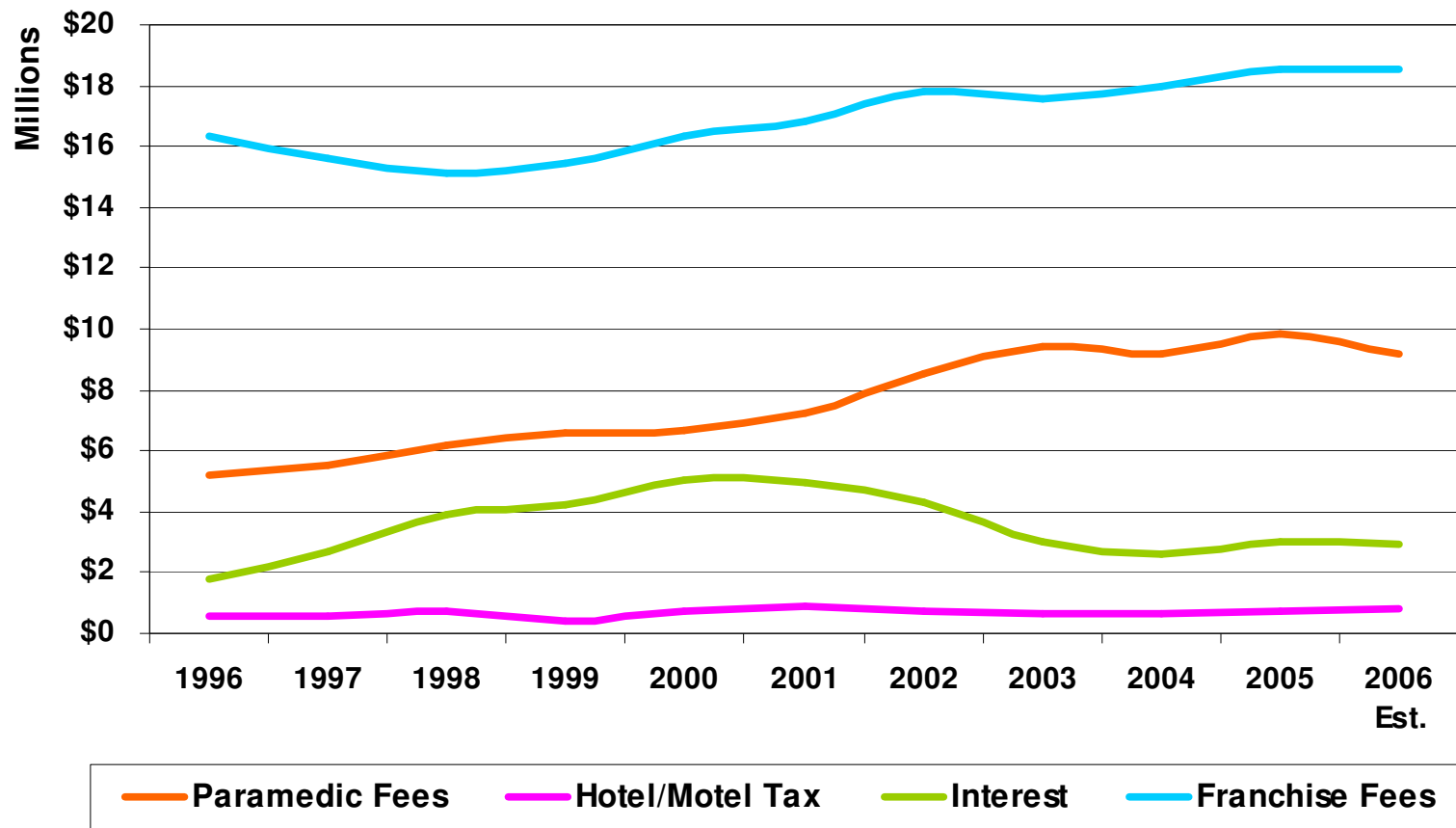
State Aids to Saint Paul



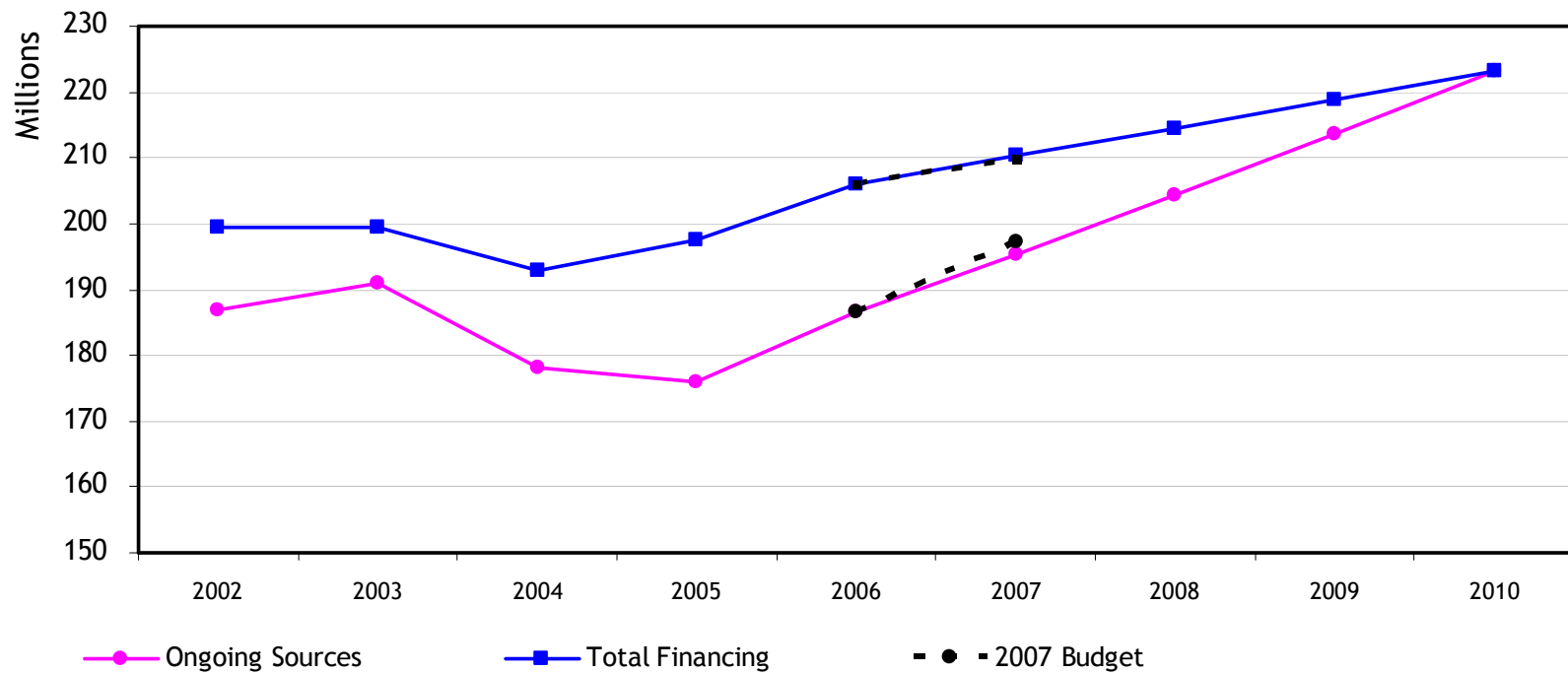
Property tax bills are way up, but
the City's total revenue is down



Other major General Fund revenues have not been consistent: Actual revenues 1996-2006



The 'structural gap' in our General Fund budget—and a goal to close it by 2010



Combined General Library and Debt Service Funds

The gap between ongoing sources and total financing represents one-time or limited financing.



The 2007 City budget made good progress toward long-term stability

- Permanent revenues grew \$11.1 million in the General Fund
- Net GF spending growth was held to 2.4%
- Service delivery restructurings improved quality and saved some money ('better service, better price')
- 2/3 of a \$16.5 million budget gap was closed with permanent revenue and spending



The 2008 budget still faces big challenges

- Replace 2007 'one-timers': **\$5.1 M**
 - Estimated inflation: **\$6.0 M**
 - = low budget gap estimate: **\$11.1 M**
- (this assumes no service level changes and flat LGA)

Additional items:

LGA loss 2008 (current law, vs. 2007):	-\$2 million
Projected net LGA gain (Gov's budget, vs. 2007):	+\$300,000
Approximate annual cost, 30 police:	-\$2 million
Staffing for a new/expanded Rec Center or Library (Rondo, Jimmie Lee, etc.)	-\$750,000

The range of options to fill a \$11.1 million budget gap next year:

- The 'usual suspects':
 - Increase the City tax levy 15%--and further burden taxpayers
 - Eliminate around 150 positions (5% of our workforce)—and cut services to citizens
- Are there better options?
 - Can we rethink how we deliver services for better quality and/or lower costs?
 - Can we find ways to improve our service quality that citizens will recognize, value, and pay for?
 - Is there duplication or extra 'process' that doesn't add value for citizens?
 - Where can we partner across departments, governments, or with outside resources?



Decision-making about the 2008 City budget

- **Mid-April:** Departments receive budget instructions from OFS
- **5/21:** Legislature adjourns—total revenue (LGA, etc.) picture becomes more clear
- **Thru early June:** Departments formulate budget choices and impacts, submit recommendations
- **Thru July:** Mayor reviews department plans and makes choices for overall budget
- **August 15:** 2008 budget plan presented to Council
- **September 15:** Maximum (“TNT”) tax levy (sets practical upper limit on revenue)
- **Mid-December:** 2008 budget and tax levy adopted (after public TNT hearing)

